

Risky Republican Privatization Plan Will Cut Social Security Benefits by More than 40 percent and Hurt Hispanic Families

The Republican privatization proposal hurts everyone, but Hispanic Americans are particularly at risk. This proposal will cut guaranteed Social Security benefits by more than 40 percent in the coming decades. Risky private accounts, which endanger retirement benefits for millions of Americans, won't make up the drastic loss in benefits. Social Security needs a solid source of funding, not a plan that makes the problem worse by draining \$2 trillion dollars away from Social Security. This plan forces America to borrow trillions from foreign countries and leads to future tax increases. Under the Republican proposal, Social Security does not get stronger – it gets weaker.

Social Security provides retirement and economic security –the foundation for Hispanic Americans to be successful. Nearly 2.3 million Hispanics receive Social Security benefits. Without Social Security, the poverty rate for Hispanic seniors would increase from 16 percent to 55 percent. Over 75 percent of Hispanic beneficiaries rely on Social Security for a majority of their income, and 41 percent of Hispanic beneficiaries rely on Social Security for all of their income. In 2001, the average monthly benefit for Hispanics was \$655. Hispanic participation in Social Security will increase as they will double as a portion of all seniors by 2050. Because Social Security provides economic security in the event of death, disability, and retirement, this gives Hispanic families the opportunity to take advantage of all that America has to offer.

2.3 million Hispanics receive Social Security, yet Republicans are advocating Social Security privatization that will hurt everyone, including today's beneficiaries. Privatization would take approximately \$2 trillion from Social Security in just the next decade, endangering the benefits of current retirees and people with disabilities. It would also directly cut benefits by more than 40 percent for future generations -- even for people who decide not to set up a private account.

Social Security is a good deal for Hispanics; Republican private accounts are not. Social Security gives people with lower earnings a greater return on what they paid in, and Hispanic Americans on average have lower incomes. But Republican private accounts would not be as progressive, and the non-partisan Congressional Budget Office reports that private accounts would not make up for the Social Security benefit cuts, when you take the risk of investing in the market into account.

Republican privatization plans cut benefits and make Hispanic seniors worse off. The Republican privatization plan will also harm Hispanics more, as Hispanic life expectancy at age 65 is 3 to 4 years longer than white Americans, meaning that contributions to the private account would have to last longer. Also private accounts do not include the guaranteed annual cost-of-living in Social Security, which would jeopardize the retirement security of Hispanic families. Finally, the head of the Social Security-writing committee, Republican Chairman Bill Thomas, raised the prospect of changing Social Security to provide minority workers with a different level of retirement benefits than white workers.

Republican cuts in disability benefits would also particularly harm Hispanics. Social Security provides disability benefits to young Hispanic workers, who are 40 percent more likely to become disabled than all Americans. The Republican plan would cut disability as well as retirement benefits, by more than 40 percent, even if you do not have a private account.

Hispanic Americans have paid into Social Security for years – and Democrats will fight to protect those benefits. Social Security is based on the contributions of millions of workers in order to ensure that every American can achieve retirement security. Congress should not be allowed to spend Social Security taxes on anything but Social Security benefits. Democrats will fight to ensure that all workers are paid the benefits they were promised. We want to help families save by expanding access to 401(k), IRA, and other pension opportunities.